

BEFORE THE DEPARTMENT OF ADMINISTRATION  
OF THE STATE OF MONTANA

In the matter of the adoption of New        ) NOTICE OF ADOPTION  
Rule I pertaining to Montana Mortgage        )  
Loan Origination Disclosure Form        )

TO: All Concerned Persons

1. On July 14, 2011, the Department of Administration, Division of Banking and Financial Institutions, published MAR Notice No. 2-59-456 regarding the proposed adoption of the above-stated rule at page 1231 of the 2011 Montana Administrative Register, issue number 13.

2. No comments were received.

3. The department has further reviewed the mortgage loan origination disclosure form and has made changes that provide further clarification as to which licensee name must appear in the designated areas of the disclosure form. The mortgage loan origination disclosure is required for residential mortgage loans brokered by mortgage loan originators employed by mortgage brokers licensed under the Montana Mortgage Act (Act). The Act requires licensure of mortgage brokers and mortgage loan originators employed by mortgage brokers. The disclosure form included references to the name of licensee. The form has been revised to clarify whether these sections should include the name of the individual mortgage loan originator or the name of the mortgage broker entity. The disclosure form also contained a reference to "real estate loan," which has been replaced with "Montana residential mortgage loan." This revision makes the terminology consistent with the Act. The department believes that none of these clarifications substantially changes the rule as proposed.

4. The department has adopted New Rule I (ARM 2.59.1737) with the following changes, stricken material interlined, new matter underlined.

NEW RULE I MONTANA MORTGAGE LOAN ORIGINATION DISCLOSURE FORM (1) Licensees shall use a form that is substantially similar to this and may customize the form to meet individual needs.

MORTGAGE LOAN ORIGINATION DISCLOSURE

(Name of mortgage loan originator licensee) is a Montana-licensed mortgage loan originator employed by a Montana licensed entity who is authorized to provide mortgage loan origination services to (borrower and co-borrower(s) name – printed) in connection with your ~~real estate~~ Montana residential mortgage loan. Lender(s) whose loan products (name of licensee entity) distributes generally provide their loan products to (~~name of licensee entity~~) at a wholesale rate.

SECTION 1. NATURE OF RELATIONSHIP. In connection with this mortgage loan:

1. (name of ~~licensee~~ entity) is acting as an independent contractor and not as your agent;
2. (name of ~~licensee~~ entity) enters into separate independent contractor agreement(s) with one or more lender(s); and
3. while (name of ~~licensee~~ entity) seeks to assist you in meeting your financial needs, (name of ~~licensee~~ entity) does not distribute products of every lender(s) or investor(s) in the market and cannot guarantee the lowest price or best terms available in the market.

SECTION 2. OUR COMPENSATION.

1. The retail price (name of ~~licensee~~ entity) offers you may include (name of licensee's) compensation.
2. If you would rather pay a lower interest rate, you may pay higher up-front costs.
3. If you would rather pay less up front, you may pay all of (name of ~~licensee's~~ entity's) compensation indirectly through a higher interest rate in which case (name of ~~licensee~~ entity) will be paid by the lender.
4. If you compensate (name of ~~licensee~~ entity) directly, (name of ~~licensee~~ entity) cannot be compensated by any other person for the same transaction.

By signing below, you acknowledge that you have received a copy of this disclosure.

\_\_\_\_\_  
BORROWER

\_\_\_\_\_  
DATE

\_\_\_\_\_  
CO-BORROWER

\_\_\_\_\_  
DATE

\_\_\_\_\_  
MORTGAGE LOAN ORIGINATOR

\_\_\_\_\_  
NMLS #

\_\_\_\_\_  
DATE

\_\_\_\_\_  
Employing Entity

\_\_\_\_\_  
NMLS #

The State of Montana, Department of Administration, Division of Banking and Financial Institutions (Division), is the licensing agency of mortgage lenders, mortgage brokers, mortgage servicers, and mortgage loan originators. Any consumer with a comment, question, or concern should contact the Division by the means listed within this disclosure.

(2) through (4) remain as proposed.

AUTH: Ch. 317, L. 2011, Section 23; 32-9-130, MCA

IMP: Ch. 317, L. 2011, Section 23

By: /s/ Janet R. Kelly  
Janet R. Kelly, Director  
Department of Administration

By: /s/ Michael P. Manion  
Michael P. Manion, Rule Reviewer  
Department of Administration

Certified to the Secretary of State September 12, 2011.